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and

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on

The Senior Executive Service

before the

Subcommittee on Civil Service

Congresswoman, Patricia Schroeder, Chair

Committee On Post Office and Civil Service

U.S. House of Representatives

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Madam Chairwoman and Members of the Subcommittee:

I thank you for the invitation to provide testimony to your Subcommittee in connection with your five-year review of the Senior Executive Service authorized by the Civil Service Reform Act of 1978.

I have read all of the testimony you have taken since your first hearing last November and have tried to match that collective wisdom against my own 25 years of continuous service from a grade 5 career employee through a Presidentially-appointed political official.

Let me begin by saying that looking back on those 25 years, I totally agree with President Kennedy's remarks to college students in the 1962 Summer Intern Program when he said, "It is my judgment that there is no career that could possibly be open to you in the 1960's that will offer you as much satisfaction, as much stimulus, as little compensation perhaps financially, as being a servant of the United States Government." It worked out just that way for me in all dimensions—and, knowing what I do now, I would do it again. With that background, it should be as shocking to all Americans and this Committee as it was to me to learn that 40% of all the charter members of the S.E.S. departed in the first four years of its life. Wouldn't it be wonderful to hear a President sound President Kennedy's call to public service today—and then act as if he meant it?

Your hearings and ultimate action on this subject are crucial to sound stewardship of perhaps the most essential ingredient of good government—its workers. The way in which the Federal government attracts, challenges, trains, directs, and rewards its senior managers, both career and political, is crucial to all citizens because the quality of the people who serve them will either further or frustrate their goals for themselves and their neighbors.

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We should not think about the decisions you face regarding the S.E.S. as affecting only the executive managers in the Federal government. The ultimate impact of your decisions will set a tone and send a message which will be felt by everyone from the highest level elected political leader to the lowest level civil servant and everyone else whose life is touched by the institution of government.

General Conclusions

My first and perhaps most important recommendation to this Subcommittee is that to make President Kennedy's endorsement true for the future you should look at the whole system of compensation for government service. Do not evaluate the S.E.S. in a vacuum. The S.E.S. is very important, but it is simply one structural element in the whole fabric of compensation for servants of the United States Government. Moreover, in looking at compensation itself, both current and retired pay must be analyzed together.

My second recommendation is that S.E.S. be retained and shored up at its weak points—both in law and in practice.

The Contextual Setting for Evaluation

In government as in private life, one learns early that fair judgments of performance and effectiveness must be made with full attention to the total structure of political and institutional constraints, practical possibilities, and the environmental circumstances which surround the performer. So it must be in judging the Senior Executive Service.

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The actual circumstances have not been conducive to howling success.

The essential purpose and promise of the S.E.S. initiative was to open up the top levels of the Federal executive management ranks to:

a) greater flexibility and risks in evaluation, assignment, and bonus and rank rewards or their denial;

in return for

b) positive incentives of improved regular compensation, substantial bonuses, dismissal for poor performance, and executive development through training and managed mobility assignments.

All of these factors were intended to be more comparable with the private sector.

The long stream of excellent expert witnesses, that have testified before this Subcommittee, have indicated that the flexibility and risks have been delivered with fairness and probity for the most part, and with substantial short-run benefits to management efficiency in agencies and departments to the extent that the S.E.S. can be singled out as a causal factor.

However, the positive incentives have been greatly restricted or denied by subsequent actions of the Executive Branch and the Congress. The short end of the bargain has included:

- cutting the bonus availability from the authorized and promised 50% to 20% of S.E.S. members; limiting the remaining bonuses for the Distinguished Executive Award to the pay of Executive Level I; and, over-awarding the

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remaining bonuses to predominantly and visably placed S.E.S. members (the bonus level has only recently been restored from 20% to 35% in the 1984 Appropriations bill);

- o capping and compressing the regular pay of the S.E.S. members and their subordinates during the first years of implementation and even after the Fazio amendment;

  I know that the cap and the pay compression are related to Congressional pay limitations. These, too, should be adjusted to be comparable with the private sector, so that neither Congress nor the executive branch are the exclusive domain of the rich or the reckless;

- o substantially cutting back many domestic programs and related levels of employment which created a defensive and anxiety-ridden atmosphere for S.E.S. members;

- o failing to provide statutory reduction in force (RIF) fallback safeguards for all but the poor performers and failing to insist on fair agency RIF procedures in an era of retrenchment, which in itself is a legitimate result of the current Administration's perceived mandate;

- o predominant emphasis on current performance for compensation and retention of S.E.S. members allowing disregard of prior record by OPM and many agencies and no formal appeal procedure;

- o attacking in demeaning and indiscriminating terms the career government service. Such political rhetoric by the last two Presidents and many Members

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of Congress does not attract or retain top talent nor does it evoke high risk performance or excellence from career executives. It is both self-fulfilling and self-defeating.

In fairness, I must note that while this shrill criticism of career government workers is pervasive it is not uniform. For example, both Treasury Secretary Regan and OMB Director Stockman have recently praised expert career executives in public. I suspect others have as well; but that seems to be the exception to what is heard across the country—not the rule.

In any hierarchical organization, it is the tone from the top that counts. It is most interesting that while the last Federal Administration was justly criticized for uncertainty and ambiguity in some areas—on the subject of excellence in public service that administration expended enormous energy and prevailed in having reforms enacted into law which provide the opportunity for more business-like operations in government. The incumbents, on the other hand, are either silent or cynical at best; and, at worst, have undermined that potential.

- o Seriously understaffing and underfunding the Office of the Special Counsel to the Merit System Protection Board and having agency Performance Review Boards chaired by political appointees, who are supervisors of the career board members, denies due process and a meaningful opportunity for review and redress of grievances. It is an invitation to patronage or prejudicial treatment.

- o Failing to provide the authorized sabbaticals so that of 18,000 S.E.S. staff years, only 10 staff years of sabbaticals have been granted in 4-1/2 years.

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Before attacking the S.E.S. for not fulfilling its mission, it is well to acknowledge these important impediments to success. In short, with a lot more risk but fewer rewards, the results are predictable.

Historical Models for S.E.S. Reform

My own career began as a new GS-5 in 1957 and progressed through GS-18 in the old pre-reform supergrade structure; an appointive staff officer in the Congress; Charter Member of the Senior Executive Service itself; a politically-appointed executive in two cabinet level departments where I used the S.E.S. flexibility to assign and reward subordinates, and finally, a retired Federal annuitant.

During those years, I worked for six presidents and six agencies. Two of these agencies were in the Executive Office of the President, one in the Congress, one independent agency, and two Cabinet Departments. The assignments included 10 years of daily involvement with the Department of Defense and other national security programs and their military and civilian personnel; nine years working with the Federal domestic health, education, and welfare programs; and five years associated with Federal energy and natural resource agencies. I also had the benefit of two years of service as an enlisted man in the United States Army. These Federal agencies included those as stable and institutionalized as the most respected agencies and committees of the Congress, the old Bureau of the Budget, and the Defense Department. On the other hand, it included nine years in such embattled and endangered species as Sargent Schriver's Office of Economic Opportunity, the Federal Energy Administration, and the Departments of Energy and Education. More recently, I have had three years to reflect on all of this from the more medieval and unruly redoubt of a large state research university.

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I reveal all this, at the risk of being regarded as a person who couldn't hold a job, because I want you to know that I speak from the scar tissue and inspiration I have received from first-hand experience across a diversity of Federal agencies under three Republican and three Democratic administrations.

Over almost 25 years and both political parties, I experienced two opposite tendencies or traditions for managing Federal employees. These different tendencies are almost polar in their impact in evoking or eroding excellence in the Federal service. It is instructive that all Federal agencies, including Congressional agencies and committees, are positioned along a continuum between these poles by how they handle their career employees and their political appointees. And, what is more important, their effectiveness and the associated agency reputation and employee morale and performance vary directly, from excellent to marginal. Part of the difference in the two patterns is structural and so illuminates the questions you now face in considering the strengths and weaknesses of the S.E.S. Part of the difference transends the structure and concerns the spirit of the organization; that is, the values by which it manages and motivates its people. Ths analytic framework out of this collective experience might help you evaluate the advantages and problems of the S.E.S.

What I am suggesting here is that we are not discovering new truth, but rather revisiting old wisdom as we examine the experience of the S.E.S. as implemented.

Those agencies and organizations with strong traditions of evoking excellence and loyalty from their employees:

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Project the institutionalized expectations, distinctive values, spirit and mission of the organization through:

- Aggressive recruitment at substantial expenditure of resources; and

- Positive public relations programs.

This is especially true of our military organizations.

Invest heavily in their employees through:

- Extensive training, including academies, institutes, cooperative programs with academic institutions, industry sabbaticals, in-service training, academic leave and post-service educational benefits;

- Managed mobility assignments through the various components and levels of the organization;

- Competitive regular pay, perquisites, and substantial incentive bonuses without arbitrary limits;

- Stable, reliable, and adequate retirement programs;

- Concentration of rank-in-person; and

- Liability protection while acting within the scope of duty.

Demand integrity, responsiveness, and excellence from their employees through:

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- Insistence on probity and speedy retribution for the "cheaters";

- Heavy exposure, reliance, and dialogue between policy officers and the career support staff through well established traditions and processes for internal debate and decision-making;

- Assuming loyalty and punishing disloyalty;

- Involving the career staff across horizontal and vertical organizational divisions; and

- Withholding monetary and rank rewards for poor or disloyal service.

Acknowledge and give credit regularly and publicly for excellent and dedicated service by individuals and groups—not just at the top.

Are fair in appraising and adjudicating differences through:

- Structured due process in an open environment;

- Supervisor/subordinate dialogue on written performance evaluations;

- Avoiding precipitous and arbitrary actions against employees without adequate notice or time for adjustment; and

- Allowing for fair appeal processes of alleged error in administrative determinations.

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The Federal agencies and departments which, while never fully achieving the positive practices, have done the best at this include:

The Department of Defense and the Military Services and Defense Agencies like N.S.A.

The State Department

The Central Intelligence Agency

The Treasury Department--especially the Internal Revenue Service

The Justice Department

The National Institutes of Health

The Public Health Service

N.A.S.A.

The Agriculture Department

The Bureau of the Budget and its successor the Office of Management and Budget

The Social Security Administration

The Bureau of Labor Statistics

The old Atomic Energy Commission and, interestingly, even its counterpart units in the new Department of Energy

The U.S. Coast Guard

The Congressional Committees and Agencies include:

The House Appropriations Committee

The Ways and Means Committee

The Senate Finance Committee

The Joint Economic Committee

The General Accounting Office

The Congressional Research Service

The Congressional Budget Office

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These agencies have historically demonstrated that, by consciously working to employ the positive practices outlined above, they have been able to achieve or better approximate excellence in employee performance even without the S.E.S.

Nevertheless, I believe it is clear that the S.E.S. can help these agencies to do even better, and can stimulate and strengthen other Federal agencies which do not employ these practices, if the current deficiencies in the S.E.S. so well identified in previous testimony are corrected.

For the Subcommittee's use, I have prepared and submitted a list of the major current deficiencies in the S.E.S. as I and most of your witnesses see them. The deficiencies are displayed beneath the relevant positive practices which are followed by the agencies historically more successful in recruiting, retaining, and motivating their career staff.

I will be happy to answer any questions you may have of me.

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